Evaluating
Inter-Organizational Relations

An Emerging Issue for Evaluators

**Charles Lusthaus, Katrina Rojas
and Christine Milton**

What We Said We Would Do —*The Session*

During the past two years, we have become increasingly interested in theory and practice of evaluating inter-organizational relationships-partnerships, coalitions joint ventures.

In our previous work (Lusthaus 1995,1999 and 2002), inter-organizational relationships was just superficially analyzed. Over the past decade these relationships have become a more important part of organizational life. Today, partnerships, alliances, joint ventures, networks and collaborative systems are all concepts used to describe the variety of inter-organizational relationships now found in the educational, research and not-for-profit organizational literature.

What We Said We Would Do
—*The Session*/2

However, while in principle these new organizational relationships offer opportunities to improve organizational performance, there is no consensus on their definition, when organizations should use them, how they work or how they ought be evaluated.

The purpose of this presentation is to put forward our theoretical and empirical work on this new and interesting area of evaluation work.

The Issue:

Over the past couple of years we have been asked to evaluate new organizational forms with old TORs

New Forms:
- Networks
- Partnerships
- Coalitions
- Consortiums
- Associations of Parties

Evaluate:
- Effectiveness
- Efficiency
- Relevance
- Impact

At first, no apparent problem…

- **Goals, objectives, expectations**

- **Use of resources**

- **Interface with their environment**

- **Need to affect target populations
  — beneficiaries**

But…

Concepts awkward:

- **Not a singular organization/program**
  — Performance issues are not clear
- **Ownership issues (organizational/individual)**
- **Synergy of players**
- **Transaction costs**
- **Identity concerns**
- **Resourcing — business model**
- **Leadership, governance management approach**

We are uncomfortable

- **Our understanding of the phenomena** *(see typology table)*
- **Concepts used to evaluate**
- **Evaluation frameworks**
- **Basis for judgments**

Basically feel we need to explore the idea of an (IOR) and the basis of the evaluation

Types of IORs

SECTOR	MOTIVATION	
	Profit	*Not-for-profit*
Private	**I:** **Business**	**II:** **Civil Societies** **Foundations** **NGOs** **NPOs**
Public	**III:** **Crown corporations** **Cooperatives** **Parastatials (e.g. Casino, Lotto)**	**IV:** **Government** **Public institutions (hospitals, schools, police, army)**

- **Business Literature**
  - Large and growing

- **Not for Profit Literature**
  - Normative case-story oriented
  - Some attempts at conceptual (CEJ) and empirical work (IDRC)

Reviewing Recent Experience

- **RHI**
- **ADEA**
- **ILC**
- **Red List Consortium**

- **Knowledge Networks**
- **FAWE**
- **IDRC Review**
- **CASID**

- **Stage of Development affects IOR**
- **Management/governance models**
- **Resource (business) model**
- **Trust/culture**
- **Performance (what describes worth)**
- **Learning, identity and CB**

Linking to Stage of Development

LESSON	STAGE I	STAGE II	STAGE III	STAGE IV	STAGE V
1	**TRUST**				
	Partners suspend judgment of each other	Build trust	Transform trust to standard practice	Renew trust	Rebuild trust
2, 11	**LEADERS**				
	Champion Leader voices joint mission, brings together and encourages parties to join	Cultivator of action and coordinator (managerial competence)	Standardizer and consolidator (managerial competence)	Change agent Leaders committed to sustaining IOR as is or with renewed direction	Philosopher Pursues questions of continued existence of IOR contextual and interpretative role
3	**PARTNERS**				
	Identify and encourage right partners to join	Partnership alignment. Mechanisms to allow partners to talk openly. To discuss their contribution and that of others. Permit entry and exit of partners.			Partners separate having established relations on which to build future alliances

Some Ongoing Concerns

- **Are relationships organizational, group or individual?**

- **Evaluation within the stage of development**

- **Who owns the IOR?**

- **The role of transaction costs**

Working on Appropriate Questions

- **How effective is the network in relation to its stage of development?**

- **Is its management strategy and resource strategy appropriate at a developmental appropriate stage? How are these strategies impacting on efficiency and sustainability?**

- **Assess the intra and inter organizational levels of trust and ownership?**

- **Has the network been able to successful move through its stages of development? What is the state of its learning tools?**

Stages and Evaluation

Performance Dimension	STAGE I	STAGE II	STAGE III	STAGE IV	STAGE V
	Formation	Creativity	Maturation	Revitalization	Decline
SUSTAINABILITY: *The extent to which the IOR is financially viable (i.e. it accumulates sufficient funds to cover its activities)*					
IOR TASK: • Determine sustainability goal (whether ongoing or plan to close-out)	• Get start-up funding • Initial discussion of financial management	• Review funding in response to needs • Rudimentary financial management	• Improve systems to track direct costs • Add systems to capture system overhead costs • Appraise benefits to clients and partners	• Possible revision of business model • Restructure bringing changes to financial management	• Possible crisis of funding – seek replacement funds • Settling of accounts in case of close-out
EVALUATION TASK: • Assess financial viability	• Ensure financing of start-up and near-term activities	• Ensure funding commitments are kept • Monitor coverage of costs	• Track financial planning for future • Assess diversification of financial support	• Evaluate any revision to business model as a consequence of refocus • Assess cost coverage following refocus	• Note symptoms of decline (loss of donors, partners withholding their contributions, deficits) • Recommend financial strategies for turnaround

Stages and Efficiency

Performance Dimension	STAGE I	STAGE II	STAGE III	STAGE IV	STAGE V
	Formation	**Creativity**	**Maturation**	**Revitalization**	**Decline**
EFFICIENCY: *The extent to which the IOR obtains the maximum return (i.e. benefit or output) on its resources (i.e. collective input)*					
	• Identify resources • Identify rewards that each partner covets • Strike balance between optimal input/output for partners	• Contribute resources to IOR • Rudimentary tracking of direct costs	• Improve systems to track direct costs • Add systems to capture system overhead costs • Appraise benefits to clients and partners	• Revise systems in accordance with changes to IOR goals, partners, and activities	• Inefficiencies suggest close-out
EVALUATION TASK: • Assess efficiency	• Topic of discussion	• Ensure tracking of direct costs of activities • Identify basis for evaluating cost data	• Review IOR accounting system • Assess return on costs -transaction costs included • Examine cost-benefit	• Appraise revisions to accounting • Reassess return on total costs • Reassess growth indicators	• Note indicators of declines • Recommend turnaround options

Stages and Effectiveness

Performance Dimension	STAGE I	STAGE II	STAGE III	STAGE IV	STAGE V
	Formation	Creativity	Maturation	Revitalization	Decline
EFFECTIVENESS: *The extent to which the IOR is able to fulfill the shared goal of the partners.*					
	• Articulate goals and objectives • Gain partners' acceptance of collective goal	• Align start-up IOR activity with goal • Identify outputs and outcomes	• Monitor outputs achievement of IOR • Monitor partners' achievement • Explore outcome measures	• Re-evaluate goal, objective and activities for possible revision	• Terminate collaborative activity
	• Review intentions expressed in IOR objectives • Compare IOR's objectives to partners' objectives	• Review timelines and outputs (quantity, quality) vis à vis IOR goal • Assess objective congruence between partners and IOR	• Review IOR outputs and outcomes in relation to IOR expectations • Continue to assess objective congruence between partners and IOR	• Evaluate changes in goals and their operationalization • Solicit partners' support for changes in direction	• Identify alternative means of meeting goals should IOR fold • Recommendation for transition to alternative provider

Stages and Relevance

Performance Dimension	STAGE I	STAGE II	STAGE III	STAGE IV	STAGE V
	Formation	Creativity	Maturation	Revitalization	Decline
RELEVANCE: *The extent to which the IOR meets the needs of stakeholders (partners, donors, clients)*					
ISSUE FOR IOR : • Identify stakeholder needs • Manage their expectations	• Elicit stakeholder needs • Determine IOR role to serve them • Negotiate expectations	• Alignment of partners (entry and exit) • Alignment of services and programs to stakeholder needs		• Refocus mission • Renegotiate expected contribution • Revise program and service activities	• Shut-done programs and services, or transfer to other provider
EVALUATION TASK: • Assess relevance	• Assess choice of IOR form • Assess appropriateness of partners in the IOR	• Assess satisfaction of partners and donors as members change • Assess client satisfaction with activities of IOR		• Re-assess fit between needs of partners and IOR form • Assess client satisfaction with new activities	• Assess post-separation relations

Papers and Ideas

- **JUNE 16 ON SITES**
- **www.universalia.com**
- **www.reflectlearn.com**